

Message Text

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DRAFTED BY EXIM: C A LEIK
APPROVED BY AF/S - LRMACFARLANE
EXIM: R J ALBRIGHT
EB/IFD/ODF:TPARKER
AF/S - AMB. DE PREE

-----125616 070412Z /13

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FM SECSTATE WASHDC
TO AMEMBASSY MAPUTO
AMEMBASSY LISBON
INFO AMEMBASSY LONDON
AMEMBASSY LISBON

UNCLAS STATE 225730

E.O. 11652: N/A

TAGS:EGEN

SUBJECT: EXIM DISCUSSIONS OF SENA'S DEBTS WITH BANCO DE
MOCAMBIQUE

REFERENCE: MAPUTO 1025, 1009, 941
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1. EXIM LOAN OFFICER CHARLES LEIK AND ATTORNEY ANTHONY CARBONAR MET WITH B DE M IN LONDON AUGUST 8, 1978. RE-PRESENTING B DE M WERE ABEL FERNANDES DAVID JUNIOR AND LUIS F. GIL DAS NEVAS. SRA. RAMOS OF THE MINISTRY OF INDUSTRY AND ENERGY ACTED AS TRANSLATOR. REPRESENTING ECGD WERE ROBERT WILD, JOHN PINNELL AND JOHN KEEBLE.

2. SR. DAVID STATED THE IMPORTANCE OF SENA'S OPERATIONS

AS IT EMPLOYS 12,000 PEOPLE AND PROCESSES AN IMPORTANT RESOURCE. HE STRESSED THAT MOZAMBIQUE'S PROBLEMS WITH SENA DO NOT REFLECT A GENERAL POLICY AGAINST PRIVATE FIRMS, BUT AGAINST A COMPANY THAT HAS FAILED TO DISCHARGE ITS RESPONSIBILITY. HE NOTED THE LARGE LOCAL CURRENCY AND FOREIGN EXCHANGE LOANS TO SENA BY HIS INSTITUTION (ESTIMATED AT 45 MILLION DOLLARS EQUIVALENT) AND THAT MARROMEU HAD NOT EARNED ANY FOREIGN EXCHANGE. ON THE DAY OF THE MEETING EXIM AND ECGD RECEIVED INTEREST DUE MAY 5, 1978 THAT WAS BORROWED BY SENA FROM THE B DE M

AND THEREFORE SENA'S OBLIGATIONS ARE PRESENTLY CURRENT. STAFF VIEWS MR. DAVID'S ATTITUDE AT THE MEETING AS RESPONSIBLE AND CONCILIATORY. HE APPEARED CONCERNED - ABOUT THE PUBLICITY OF THE SENA SITUATION ON THE ATTITUDE OF WESTERN FINANCIAL INSTITUTIONS TOWARDS MOZAMBIQUE.

3. B DE M PROPOSED A SIX YEAR PAYMENT MORATORIUM ON THE 2.3 MILLION DOLLAR EXIM EXPOSURE AND 5.5 MILLION DOLLAR EQUIVALENT ECGD EXPOSURE. IN EXCHANGE THE B DE M WILL GIVE ITS UNDERTAKING TO PAY THESE DEBTS AND ON A SIMILAR BASIS THOSE OF THE MINOR SOUTH AFRICAN CREDITORS. FURTHER DISCUSSION RESULTED IN AN AGREEMENT IN PRINCIPLE OF A TWO YEAR MORATORIUM AND THAT THE INTEREST RATE WOULD UNCLASSIFIED

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REMAIN UNCHANGED. ECGD IS IN AGREEMENT ON ALL PRINCIPAL POINTS. ECGD AND EXIM WERE INVITED TO MAPUTO THE WEEK OF SEPT. 18 FOR SIGNING THE AGREEMENT. EXIM HOPES TO CONCLUDE THE AGREEMENT BY MAIL AND ECGD HAS DECIDED TO ACCEPT THE INVITATION. ON AUGUST 22, 1978 EXIM'S BOARD APPROVED A RESCHEDULING ON THE BASIS OF THE LONDON AGREEMENT AND THE FOLLOWING TELEX HAS BEEN SENT TO B DE M.

4. I AM HAPPY TO INFORM YOU THAT EXIMBANK'S BOARD OF DIRECTORS TODAY APPROVED THE PLAN ADVANCED BY YOURSELVES AND AGREED TO IN PRINCIPLE BY OUR REPRESENTATIVES AT THE LONDON MEETING AUGUST 8, 1978. OUR APPROVAL HAS THE FOLLOWING PRINCIPAL POINTS.

A. THE NATIONAL BANK OF MOZAMBIQUE WILL GIVE ITS UNCONDITIONAL UNDERTAKING TO PAY PRINCIPAL AND INTEREST ON THE SUBJECT CREDIT AND GUARANTEE.

B. INTEREST WILL BE PAID SEMIANNUALLY BEGINNING NOVEMBER 5, 1978 AND WILL BE AT THE PRESENT RATES; THAT IS, AT THE RATE OF 6 PERCENT ON THE PRINCIPAL AMOUNTS OF DOLLARS 1,634,154.21 BEING THE AMOUNT OF THE DIRECT LOAN BY EXIMBANK, AND AT THE RATE OF PRIME PLUS ONE PERCENT FLOATING ON THE PRINCIPAL AMOUNT OF DOLLARS 700,351.80

BEING THE AMOUNT OF EXIMBANK'S GUARANTEE OF THE FIRST NATIONAL BANK OF COMMERCE, NEW ORLEANS.

EXIMBANK WILL AGREE TO A TWO YEAR MORATORIUM ON PRINCIPAL REPAYMENTS. THE AFORESAID PRINCIPAL AMOUNTS SHALL BE REPAIRED IN 10 EQUAL SEMIANNUAL INSTALLMENTS, THE FIRST OF WHICH SHALL BE PAYABLE ON NOVEMBER 5, 1980, AND SUCCEEDING INSTALLMENTS PAYABLE SEMIANNUALLY THEREAFTER.

WE WILL FORWARD TO YOU A DRAFT ON THE PROPOSED AGREEMENT WITHIN THE NEXT FEW DAYS AND HOPE IT WILL BE POSSIBLE TO CONCLUDE THE AGREEMENT BY MAIL BEFORE THE END OF SEPT.
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5. EXIM LEARNED FRIDAY AUGUST 18 THAT SR. PERIRA DO VALLE OF SIDUL, SENA'S WHOLLY OWNED PORTUGUESE SUBSIDIARY IS CONSIDERING A REORGANIZATION OF SIDUL AS A SEPARATE COMPANY NOT RESPONSIBLE FOR SENA'S OBLIGATIONS. THIS COULD BE DONE ACCORDING TO HIM UNDER PORTUGUESE DECREES NO. 301/77 OF 27TH JULY AND 357-A/77 OF 31ST AUGUST AND 50/78 OF 23RD MAY. WE UNDERSTAND THIS LEGISLATION IS DESIGNED TO ASSIST PORTUGUESE FIRMS WHICH HAVE BEEN ADVERSELY AFFECTED BY LOSS OF ASSETS IN AFRICA. EXIM IS NOW STUDYING THE DECREES.

6. AT THIS TIME SENA IS DELIBERATING WHETHER TO GO INTO VOLUNTARY LIQUIDATION. EXIM HOPES THAT LIQUIDATION CAN BE AVOIDED AND EXIM DOES NOT INTEND TO FORCE INVOLUNTARY LIQUIDATION AS LONG AS THE B DE M UNCONDITIONAL UNDERTAKING CONTINUES TO FUNCTION SUCCESSFULLY. IN THE EVENT SENA GOES INTO LIQUIDATION, VOLUNTARY OR - INVOLUNTARY, OUR POSITION IS TO MAKE ANY RECOVERY POSSIBLE FROM THE EUROPEAN ASSETS AND APPLY THIS TO THE AMOUNT OWED.

7. ACTION AMEMBASSY LISBON. EMBASSY IS REQUESTED TO INVESTIGATE AND COMMENT TO EXIMBANK ASAP ON THE APPLICABILITY OF THE PORTUGUESE DECREES (PARA 5) TO THIS SITUATION; I.E. A NON-PORTUGUESE COMPANY (SENA OR U.K. CORP) IN MOZAMBIQUE. U.K. COUNSEL REPORTEDLY QUESTIONS SUCH APPLICABILITY. EMBASSY MAY CONSULT WITH PORTUGUESE AUTHORITIES AT EMBASSY - DISCRETION, AND AN EARLY REPLY IS REQUESTED.

8. FOR MAPUTO: AMB. DE PREE REVIEWED THIS MESSAGE SEPT.

6. CHRISTOPHER
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